

Message Text

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PAGE 01 BANGKO 05623 01 OF 02 151050Z

ACTION EB-08

INFO OCT-01 EUR-12 EA-07 NEA-10 IO-13 ISO-00 CAB-02

CIAE-00 COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00

SS-15 NSC-05 L-03 AID-05 /088 W

-----151100Z 037605 /11

R 150954Z MAR 77

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 0103

INFO AMEMBASSY COLOMBO

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY MANILA

AMCONSUL MONTREAL

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

USLO PEKING

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

USMISSION USUN NEW YORK

AMEMBASSY VIENTIANE

CINCPAC HONOLULU

C O N F I D E N T I A L SECTION 1 OF 2 BANGKOK 5623

MONTREAL FOR US ICAO REP; CINCPAC ALSO FOR POLAD

EO 11652: GDS

TAGS: PFOR, EAIR, IATA, VN, LA, CB, TH

SUBJ:INDOCHINA OVERFLIGHTS

REF: (A) VIENTIANE 424 (NOTAL) (B) SINGAPORE 940 (NOTAL)

(C) VIENTIANE 454 (NOTAL)

SUMMARY: DURING VISIT OF IATA DELEGATION TO HANOI, SRV AGREED
TO CONSIDER IATA FORMULA TO REDUCE OVERFLIGHT FEES BY AMOUNT
TO BE OFFSET BY GRANT AID FROM FOREIGN GOVERNMENTS. SRV REPS
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PAGE 02 BANGKO 05623 01 OF 02 151050Z

CONFIRMED THAT OBJECTIVE IN OPTING FOR HIGH OVERFLIGHT RIGHTS
WAS TO OBTAIN MONEY -- ABOUT U.S. \$14 MILLION
FIRST YEAR--FOR SRV CIVIL AVIATION PURPOSES, AND THAT SOURCE OF
MONEY IS IRRELEVANT TO SRV. IATA REPRESENTATIVES BELIEVE THAT--
PROVIDED FOREIGN AID DONORS CAN BE FOUND--OVERFLIGHTS OF VIET-NAM
ON BANGKOK-HONGKONG/MANILA SECTOR MIGHT BEGIN IN JUNE. IN
ADDITION, THERE IS AN INDICATION THAT THE LAO, BRIEFED ON TALKS

IN HANOI, ARE RECONSIDERING THEIR STANCE. END SUMMARY.

1. EMBOFFS MET MAR 11 WITH IATA'S BANGKOK REPRESENTATIVES TO REVIEW DIRGEN KURT HAMMARSKJOLD'S VISIT TO HANOI AT THE END OF FEBRUARY TO DISCUSS OVERFLIGHT FEES. AS NOTED REFTELS, BANGKOK REPRESENTATIVE PETER CUNNINGHAM ACCOMPANIED HAMMARSKJOLD, AS DID SINGAPORE REGIONAL DIRECTOR RICHARD MCGOWAN. FOLLOWING ACCOUNT REPEATS SOME INFORMATION CONTAINED REFTELS BECAUSE THIS HELPS PROVIDE MORE COMPLETE PICTURE OF IATA-SRV DISCUSSIONS.

2. VIET-NAM. DURING COURSE OF FULL DAY'S DISCUSSION IN HANOI, AND IN RESPONSE TO SEEDS PLANTED BY HAMMARSKJOLD LAST OCTOBER, THE VIETNAMESE PRESENTED THREE OPTIONS FOR HANDLING OVERFLIGHT PAYMENTS: (1) THEY SAID AIRLINES COULD ADHERE TO THE ORIGINAL SRV PROPOSAL, PAYING APPROXIMATELY \$1,000 FOR OVERFLIGHT OF 747'S AND RELATIVELY LOWER AMOUNTS FOR SMALLER AIRCRAFT. THIS WOULD BRING SRV REVENUES OF APPROXIMATELY U.S. \$14 MILLION PER YEAR, TO BE USED FOR CIVIL AVIATION PROJECTS. IATA REPS CONSIDERED THIS UNACCEPTABLE, MAINLY FOR PRECEDENTIAL REASONS. WHEN HAMMARSKJOLD REPLIED THAT IN EXPECTATION OF LOWER FEES HE HAD ALREADY COMMITTED HIMSELF TO LOCATING SOME OF THE NECESSARY GRANT AID, AS WELL AS TECHNICAL EQUIPMENT, THE VIETNAMESE SAID THEY NEED TO HANDLE OVERFLIGHTS, SRV NEGOTIATOR PHUNG THE TAI, DIRGEN OF THE GENERAL CIVIL AVIATION DEPARTMENT, PRESENTED SECOND PROPOSAL; (2) FEE FOR EACH OVERFLIGHT WOULD BE REDUCED TO \$200, BUT VIETNAM WOULD REQUIRE AID--ALLEGEDLY FOR ITS AVIATION PROGRAM--TO OFFSET THE AMOUNT SRV WOULD "LOSE" AS A RESULT OF COMPROMISING ON LOWER FEE LEVEL; (3) AS ALTERNATIVE, TAI PROPOSED THAT VIET-NAM REQUIRE (AS DO OTHER COUNTRIES SUCH AS USSR) THAT ALL AIRCRAFT FLYING IN ITS CONFIDENTIAL

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PAGE 03 BANGKO 05623 01 OF 02 151050Z

AIRSPACE LAND IN SRV AND PAY WHAT PROBABLY WOULD BE FAIRLY HIGH (AND LUCRATIVE) LANDING FEES. TAI SUGGESTED AS POSSIBILITY U.S. \$650 PER AIRCRAFT, WHICH TAI SAID SRV DELEGATION PAID TO LAND ILYUSHIN-18 AT DELHI AND COLOMBO WHEN IT PARTICIPATED IN NON-ALIGNED CONFERENCE LAST AUGUST.

3. THE IATA TEAM AGREED THAT ONLY THE SECOND AND THIRD PROPOSALS WERE WORTH DISCUSSION. WITH RESPECT TO OPTION 3, HAMMARSKJOLD, DISPLAYING SKILLFUL TOUCH, PERSUADED VIETNAMESE TO CHANGE DRAFT LANGUAGE TO READ, "SUCH AIRCRAFT MAY LAND" RATHER THAN "MUST LAND", ALLEGING THAT ORIGINAL LANGUAGE PRESUPPOSED EXISTENCE OF NETWORK OF BILATERAL AIR AGREEMENTS WHICH SRV DOES NOT IN FACT HAVE. HAMMARSKJOLD FOCUSED, HOWEVER, ON OPTION 2. HAMMARSKJOLD TOLD VIETNAMESE HE THOUGHT FOUR WESTERN GOVERNMENTS MAY BE WILLING TO PROVIDE AID TO SRV, PARTICULARLY FOR AVIATION PROJECTS. HAMMARSKJOLD TOLD THE VIETNAMESE THAT WESTERN STATES DO NOT GIVE AID BLINDLY AND THAT THE SRV WILL HAVE TO PRESENT A LIST OF THE AVIATION PROJECTS FOR WHICH AID MONEY WILL BE USED, IF HAMMARSKJOLD IS TO FIND DONORS. THE VIETNAMESE AGREED TO SEND SUCH A LIST TO

IATA SOON, AND IMPLIED OVERFLIGHTS COULD BEGIN ON BASIS ORAL UNDERTAKING TO PROVIDE WRITTEN AID PLEDGES WITHIN SIX MONTHS. (WE SUSPECT THIS IS THE "WRITTEN PROPOSAL" REFERRED TO IN REF C.) CUNNINGHAM SAID HAMMARSKJOLD PLANS TO TAKE UP ISSUE AT "MINISTERIAL LEVEL" WITH PROSPECTIVE DONORS THIS WEEK; HE WILL ALSO REPORT RESULTS OF TALKS IN CONFIDENTIAL LETTERS TO CHIEF OPERATING OFFICERS OF IATA AIRLINES.

4. DURING THIS VISIT, AS DURING THE LAST TO HANOI, TAI DEMONSTRATED HIS AUTHORITY AS VIET-NAM'S CIVIL AVIATION "CZAR". A MAN OF FEW WORDS, HE SEEMED TO CUNNINGHAM TO HAVE THE PERSONAL AND THE REVOLUTIONARY CREDENTIALS, AS WELL AS BUREAUCRATIC AUTHORITY, NECESSARY TO PERMIT HIM TO MAKE BINDING COMMITMENTS.

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PAGE 01 BANGKO 05623 02 OF 02 151058Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 IO-13 CAB-02
CIAE-00 COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00
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INFO AMEMBASSY COLOMBO
AMCONSUL HONG KONG
AMEMBASSY LONDON
AMEMBASSY MANILA
AMCONSUL MONTREAL
AMEMBASSY NEW DELHI
AMEMBASSY PARIS
USLO PEKING
AMEMBASSY SINGAPORE
AMEMBASSY TOKYO
USUN NEW YORK 1750
AMEMBASSY VIENTIANE
CINCPAC HONOLULU

C O N F I D E N T I A L SECTION 2 OF 2 BANGKOK 5623

5. INCIDENTALLY, ALTHOUGH THE DELEGATION HAD BEEN TOLD PREVIOUSLY THAT THE RECONSTRUCTION OF THE NOI BAI MILITARY AIRPORT 33 KMS FROM HANOI INTO AN INTERNATIONAL CIVILIAN AIRPORT WOULD BE COMPLETED BY THIS TIME, IATA WAS INFORMED

THAT PROGRESS HAS BEEN SLOWER THAN EXPECTED, AND IT WILL NOT BE FINISHED FOR ANOTHER 3-4 MONTHS. MEANWHILE, GIA LAM AIRPORT, NEARER HANOI, CONTINUES TO HANDLE CIVILIAN AIRCRAFT, ALTHOUGH APPARENTLY NOTHING AS LARGE AS A 707.

6. LAOS. CUNNINGHAM NOTED THAT, IN FEBRUARY, HE ADVISED LAO AUTHORITIES THAT HAMMARSKJOLD WOULD BE AVAILABLE FOR
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PAGE 02 BANGKO 05623 02 OF 02 151058Z

TALKS FOLLOWING HIS TRANSIT OF VIENTIANE. WITH NO INVITATION FORTHCOMING, HOWEVER, ON RETURNING FROM HANOI HAMMARSKJOLD AUTHORIZED CUNNINGHAM AND MCGOWAN TO "DROP IN" AND DISCUSS THE LAO OVERFLIGHT QUESTION. USING PDRL INSISTENCE ON HIGH OVERFLIGHT FEES AS BASIS FOR DISCUSSION, THEY WARNED THE LAO THAT IF LAOS MAINTAINS THAT POSITION, IT MAY END UP GETTING NOTHING, SINCE SRV IS PREPARED TO LET AIRLINES BYPASS LAOS BY SKIRTING CAMBODIA AND FLYING ACROSS SOUTHERN VIET-NAM. (THEY ALSO TOLD LAO THAT IN PEKING LAST NOVEMBER IATA REQUESTED OVERFLIGHT RIGHTS BETWEEN INDIA AND TOKYO/HONG KONG.) CONTRARY TO STATEMENT THAT PDRL CONTINUES TO INSIST ON HIGH FEES (REF A) LAO OFFICIAL, ACCORDING CUNNINGHAM, ACKNOWLEDGED THAT IATA'S HANOI FORMULATION OF LOWER OVERFLIGHT FEE PLUS AID FOR AVIATION PURPOSES, WHICH CUNNINGHAM SPELLED OUT FOR LAO, HAS CONSIDERABLE MERIT. IATA REPS BELIEVE THAT TALKS WITH LAO WILL PROBABLY PROCEED ON THIS BASIS SOON.

7. CAMBODIA. IATA REPS EXPRESSED HOPE THAT THEY COULD FIND A WAY TO HAVE SIMILAR DISCUSSIONS IN FUTURE WITH CAMBODIA, CONFIRMING THAT THESE HAD NOT YET BEGUN (REF B).

8. COMMENT: ON HIS RETURN FROM HANOI, CUNNINGHAM BRIEFED RTG'S UNDERSECRETARY OF COMMUNICATIONS ON TALKS WITH VIETNAMESE AND LAO. ON BASIS THAT DISCUSSION, CUNNINGHAM PREDICTED THAI AVIATION DELEGATION WILL VISIT HANOI DURING MONTH OF APRIL, A VIEW BUTTRESSED BY UNDERSECRETARY CHAROEN CHAROENRATCHAPHAK'S MAR 14 STATEMENT TO PRESS THAT RTG WILL SEND DELEGATION TO HANOI AS SOON AS VIETNAMESE INVITATION IS RECEIVED. QUESTION OF WHICH SIDE TAKES FIRST STEP MAY PROVE HURDLE FOR MOMENT, BUT THERE IS NO QUESTION THAT THAI WISH TO OVERFLY AND THAT SRV WANTS FLIGHTS TO BEGIN SOON. FOR SRV THERE IS SIMPLY ONE QUESTION--HOW MUCH THE VIETNAMESE ARE GOING TO GET OUT OF IT. THE IATA REPS BELIEVE THAT, ON ASSUMPTION THAI REACH AGREEMENT WITH
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PAGE 03 BANGKO 05623 02 OF 02 151058Z

LAO AND SRV, ICAO NOTAM ON REACTIVATION OF ROUTE AMBER ONE (76 BANGKOK 27870 - NOTAL) MIGHT BE ISSUED IN MAY, SOON ENOUGH TO PERMIT OVERFLIGHTS TO BEGIN IN JUNE. IN SUM, THEY CONSIDERED VIETNAMESE FLEXIBILITY WITH REGARD SOURCE OF MONEY TO BE HIGHLY PROMISING FOR AIRLINES, AND HAMMARSKJOLD REPORTEDLY BELIEVES THAT IATA WILL BE ABLE BY JUNE 1 TO PROVIDE TO HANOI FIRM GUARANTEES THAT REQUISITE GRANT AID WILL BE FORTHCOMING. APPARENTLY IATA REPS ARE THINKING IN TERMS OF ONE-TIME GRANTS TO HANOI BY GOVERNMENTS, WHILE LOGIC OR IATA'S "HANOI FORMULA" PRESUPPOSES ANNUAL GRANTS. EMBOFFS DID NOT RAISE THIS APPARENT CONTRADICTION WITH IATA REPS.

WHITEHOUSE

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Message Attributes

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